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Israel

Oilseeds and Products

Annual

2007

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Report Highlights:
Soybean and meal use are forecast to rebound in 2006/07 following a reduction the previous year caused by a combination of an outbreak of Avian Influenza and local security disruptions. Feed demand has stabilized in 2006/07, fueling higher imports and production. In 2007/08, only moderate growth in soybean use and imports is expected.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Tel Aviv [IS1]
[IS]

Executive Summary

Besides a small quantity of peanuts and confectionary sunflower, Israel has no significant production of oilseeds, and no local production for crushing. All protein meal needs are imported, either as whole beans for crushing or directly as meal. Soybeans/meal and sunflower meal are the primary imports. Soybean and meal use are forecast to rebound in 2006/07 following a reduction the previous year caused by a combination of an outbreak of Avian Influenza and the July-August military conflict in Lebanon. Feed demand has stabilized in 2006/07, fueling higher imports and production. Oil imports are relatively minor, accounting for about 20 percent of domestic needs.

During the first five months of marketing year 2006/07 (October 2006 through February 2007) soybean imports increased 11 percent, and oil meal imports increased by 47 percent, compared to the same period in the previous year. In 2005/06 (October through September), the U.S. market share for soybeans increased almost 50 percent, while meal sales continued to be negligible. In recent years, the American market share has been effected significantly by increased imports of soybeans and soy meals from Argentina and Brazil. However, for the first five months of 2006/07 imports of soy meals from the U.S. have increased significantly and totaled 53 tmt.

Local soy meal prices increased significantly in 2006. In 2006, local grain millers and processing plants have shown a preference for imports of Sunflower meal and Hi-Pro oil meals (48 percent), and this trend is expected to continue during the rest of 2006/07. As a result of transportation and port disruption caused by the military conflict in July-August 2006, for the first time local traders have started to hold meal stocks. Total meal stocks are estimated to be around 10,000 tons in 2006/07.

Oilseeds

PSD Table Israel Oilseed, Soybean										
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007	MM / YYYY
Area Planted	0	0	0	0	0	0	0	0	0	(1000 HA)
Area Harvested	0	0	0	0	0	0	0	0	0	(1000 HA)
Beginning Stocks	77	40	20	27	35	39	27	35	37	(1000 MT)
Production	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imports	310	635	534	450	650	590	0	0	600	(1000 MT)
MY Imp. from U.S.	240	160	191	300	162	210	0	0	170	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	387	675	554	477	685	629	27	35	637	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	345	620	500	413	630	560	0	0	570	(1000 MT)
Food Use Dom. Consump.	10	15	10	25	15	20	0	0	20	(1000 MT)
Feed,Seed,Waste Dm.Cn.	5	5	5	12	5	12	0	0	10	(1000 MT)
TOTAL Dom. Consumption	360	640	515	450	650	592	0	0	610	(1000 MT)
Ending Stocks	27	35	39	27	35	37	0	0	27	(1000 MT)
TOTAL DISTRIBUTION	387	675	554	477	685	629	0	0	637	(1000 MT)
Calendar Year Imports	361	620	666	450	635	558	0	0	602	(1000 MT)
Calendar Yr Imp. U.S.	0	153	164	0	152	251	0	0	210	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

Production

No oilseeds are produced for crushing, and none are expected to be produced in the future due to Israel's land and water shortages. Neither the partial replenishment of water reserves during the recent years, nor the development of increased recycled water resources, will fundamentally change the situation for oilseeds production. In 2006, confectionary sunflower seed production totaled 14,500 tons, of which 10,900 tons (75 percent) were exported, primarily to Spain. Also in 2006, 16,000 tons (7 percent up) of peanuts were produced, of which 7,500 tons (47 percent) were exported. Planted area for peanuts and sunflower totaled 3,000 and 8,500 ha, respectively. Planted area is expected to remain the same in 2007.

Prices

In 2006, the local price for sunflower seed was $1,350 per ton for premium quality, and $350/ton for second-class. Prices are expected to remain about the same in 2007.

Consumption

Soybean use is forecast to rebound in 2006/07 following a reduction the previous year caused by a combination of an outbreak of Avian Influenza and the July-August military conflict with Lebanon. Driven by higher crush, soybeans consumption is forecast to increase about 15 percent in 2006/07 and then level-off to a more moderate pace of growth in 2007/08. While soy demand still derives largely from the livestock feed compounding sector, there is an increasing demand for soy based meat substitutes for human consumption. In 2006, the local market value of such foods is estimated at $67 million. The market value has grown by 2-3 percent compared to the previous year and is expected to continue to grow in the next few years. Surveys reveal that fifty percent of the population sometimes consumes soy based meat substitutes, while 10 percent is vegetarian.

Processing Plants

Three soybean processing plants are active: Solbar, Shemen, and Teth-Beth "Solbar". These plants produce soy protein concentrate, textured soy products for industrial meat applications, vegetarian meat analogs, oils and animal feed. The oils and the animal feed products are delivered only to the local market. For the proteins and isoflavones sector, some of these plants request certified GMO free cargoes. Ninety-five percent of production of one of the plant's production of soy proteins and soy isoflavones are exported to Europe, China and other Far East countries. Some of the plants also import imports soybean meals, corn oil, palm oil, cotton oil and olive oil in order to complete their line of products. The plants often switch soybean sources among U.S. and South American suppliers and also change their requirements (i.e. either certified GMO free or not) depending on market trends and financial returns.

Table 1: Annual Local Soy Crushing Capacity, by Plants, CY 2006

Plant	Tons	Percent
Shemen	235,000	36
Solbar	252,000	39
Teth-Beth	161,000	24
Total	**648,000**	**100**

Trade

Exports

Only peanuts and confectionary sunflower seeds for confectionery are exported. While the quantity is relatively small the total value of peanut exports has been increasing, with Italy, Belgium, and Germany The primary destination. The value of sunflower exports is falling. Spain is the primary destination for sunflower seeds.

Imports

As result in a rebound in crushing driven by the poultry sector and a more stable security situation, plus the fact of the strong pace of growth during the first five months of the marketing year, soybean imports are forecast to grow about 10 percent in 2006/07. Growth is expected to moderate to more traditional leve in 2007/08. U.S. market share is expected to remain at about 30-35 percent.

Due to an increase in soybean prices in 2006, combined with the increased imports of sunflower meals, total imports of soybean decreased 22 percent in 2005/06. However, U.S. market share rose relative to Brazil, and Argentina. In the first five months of 2006/07, the U.S. market share of soybeans increased by 76 percent compared to the same time period one year ago (59 percent market share). However, as the South American new crop becomes increasingly available, crushers will purchase mostly Brazilian and Argentinean soybeans for the remainder of the year. Managers at local processing plants frequently complain that U.S. soybean contain lower protein and oil levels compared to those from Brazil and Argentina soybeans.

Table 2: Oilseeds and Meals Imports to Israel, MY[1], Thousand Metric Tons

MY	Soybeans	Meals	Rapeseeds	Other Substitutes	Total Import
2000/01	617	124	67	51	859
2001/02	679	113	45	48	885
2002/03	580	111	37	26	754
2003/04	570	255	41	39	905
2004/05	681	222	37	31	971
2005/06	534	288	47	0	869
2005/06 (till February)	200	121	17	0	338
2006/07 (till February)	222	178	18	4	422

Source: Ministry of Agriculture, Office of Prices and Supply

Table 3: U.S. Oilseeds and Meals Imports to Israel, MY, Thousand Metric Tons

MY	Soybeans	Meal	Rapeseeds	Other Substitutes	Total Import From the U.S.
2000/01	497	40	0	33	570
2001/02	530	23	0	32	403
2002/03	259	36	0	10	305
2003/04	163	35	8	17	223
2004/05	163	5	0	17	188
2005/06	191	0	0	0	191
2005/06 (5 months)	67	0	0	0	67
2006/07 (5 months)	132	53	0	0	185

Source: Ministry of Agriculture, Office of Prices and Supply

[1] October - September

Table 4: U.S. Share Out of Total Oilseeds and Meals Imports (Percent)

MY	Soybeans	Meal	Rapeseeds	Other Substitutes	Total Import From the U.S.
2000	80.6	32.3	0.0	64.7	66.3
2001	78.1	20.4	0.0	66.7	45.5
2002	44.7	32.4	0.0	38.5	40.4
2003	28.6	13.7	19.5	43.6	24.6
2004	23.9	2.3	0.0	54.8	19.3
2005	35.8	0.0	0.0	0.0	22.0
2005 (5 months)	33.5	0.0	0.0	0.0	19.8
2006 (5 months)	59.5	29.8	0.0	0.0	43.8

Source: Ministry of Agriculture, Office of Prices and Supply

Import Trade Matrix, Soybean

The following table summarizes Israeli soybean imports.

Import Trade Matrix Israel Oilseed, Soybean (TMT)			
Time Period: CY			
Imports for:	**2005**		**2006**
U.S.	164	U.S.	251
Others	0	Others	0
Total for Others	0	Total for Others	0
Others not Listed	505	Others not Listed	307
Grand Total	666	Grand Total	558

Oil Meals

PSD Table Israel Meal, Soybean										
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007	MM/YYYY
Crush	345	620	500	413	630	560	0	0	570	(1000 MT)
Extr. Rate, 999.9999	0.797101	0.780645	0.784	0.79661	0.755556	0.780357	0	0	0.780702	(PERCENT)
Beginning Stocks	0	10	0	0	5	0	0	5	4	(1000 MT)
Production	275	484	392	329	476	437	0	0	445	(1000 MT)
MY Imports	57	80	66	85	89	74	0	0	57	(1000 MT)
MY Imp. from U.S.	25	5	0	60	8	50	0	0	20	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	332	574	458	414	570	511	0	5	506	(1000 MT)
MY Exports	8	0	0	6	0	5	0	0	0	(1000 MT)
MY Exp. to EU	2	0	0	1	0	5	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	324	550	458	408	565	500	0	0	502	(1000 MT)
Total Dom. Cons.	324	550	458	408	565	502	0	0	502	(1000 MT)
Ending Stocks	0	5	0	0	5	4	0	0	4	(1000 MT)
Total Distribution	332	555	458	414	570	511	0	0	506	(1000 MT)
CY Imports	88	106	70	0	110	67	0	0	60	(1000 MT)
CY Imp. from U.S.	70	5	5	75	8	62	0	0	28	(1000 MT)
CY Exports	8	0	0	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
SME	324	550	458	408	565	502	0	0	502	(1000 MT)

Production

Following a decline the previous year, crush and meal production are forecast to rebound about 12 percent in 2006/07 as both the security situation and poultry production have stabilized. Production is forecast to resume a more moderate rate of growth in 2007/08.

Oil meal production is primarily for the poultry sector. It is limited by crushing capacity and complemented by imports. Total annual demand is 800-850 thousand tons, while local production about 500 thousand tons. Local crushers can produce 44 percent and Hi Pro soy meals (48 percent), but most production is of 44 percent. Local crushing plants cannot satisfy the growing demand for Hi-Pro meal and shortage is satisfied by imports. In 2006, as a result of the decrease in sunflower meal prices, imports of sunflower meal increased at the expense of local soy meal production. Three processing plants produce oil meals: Shemen, Solbar and Teth-Beth. Out of local oil meal production, Shemen produces about 225 tmt (45 percent) per year.

Stocks

For the first time Israel has begun to stock oil meals. The decision comes following the military conflict during July-August 2006, which resulted in a shortage of oil meals in Israel. It is estimated that oil meals stock in 2006 totaled 10,000 tons.

The Broiler and Turkey, Beef and Dairy Cattle Industries

The broiler, turkey and cattle industries are the main consumers of oil meal. While broiler production is increasing, turkey production has declined in each of the past five years. In addition, due to the July-August conflict, and the AI outbreak in March 2006, post estimates that overall demand for feed decreased by 5-7 percent in 2006 compared to the previous year. Feed demand has stabilized in 2006/07, fueling higher imports and production.

Soybean Meal Prices

From April 2006 through April 2007, soy meal prices increased 16 percent. The changes were dictated by the price for soybeans in the Chicago Board of Trade (CBOT).

Table 5: Prices for Feed Grains and Oilseeds, $ Per Ton (at the feed mill gate)

	April 2006	March 2007	April 2007	% Change April 2007 Compared to April 2006
Corn	$147	$235	$232	58%
Wheat	$155	$228	$225	45%
Barley	$162	$234	$230	42%
Gluten Feed	$150	$175	$175	17%
Canola Meal	$172	$210	$215	25%
Sunflower Meal (37%)	$150	$190	$190	27%
Soy Meal (44%)	$275	$320	$320	16%
D.D.G	$165	$205	$205	24%

Source: Israeli Cattle Breeder's Association

Table 6: Monthly Average Price for Feed Mix, $ Per Ton

Months	Feed Mix For Broilers	**Percent Change Compared to Previous Month**	**Feed Mix For Cattle**	**Percent Change Compared to Previous Month**
9/2005	296.4		212.6	
10/2005	295.7	-0.2%	212.6	0.0%
11/2005	291.9	-1.3%	213.8	0.6%
12/2005	292.9	0.3%	216.7	1.3%
1/2006	291.2	-0.6%	213.3	-1.5%
2/2006	291.2	0.0%	213.6	0.1%
3/2006	298.3	2.5%	217.6	1.9%
4/2006	298.3	0.0%	219.8	1.0%
5/2006	298.3	0.0%	217.6	-1.0%
6/2006	295.0	-1.1%	217.4	-0.1%
7/2006	295.0	0.0%	217.1	-0.1%
Average Price	**$294.9**		**$215.6**	

Source: Agricultural Statistics Quarterly, Israel.

Table 7: Sales[2] of Feed Mix, by Type, Thousand of Tons, CY

CY	**For Cattle**		**For Poultry**		**For Sheep, Goats and Other Livestock**		**Grand Total**
	Tons	**Percent**	**Tons**	**Percent**	**Tons**	**Percent**	
2003	489.2	20.9	1,532.7	65.6	315.0	13.5	2,336.9
2004	507.7	21.1	1,576.7	65.6	318.0	13.2	2,402.4
2005	448.2	19.8	1,546.2	68.4	266.8	11.8	2,261.2
2005 (up to June)	232.5	20.1	773.0	66.9	150.1	13.0	1,155.6
2006 (up to June)	253.7	23.3	717.3	65.8	119	10.9	1,090.0

Source: Agricultural Statistics Quarterly, Israel.

Trade

Exports

No exports of oil meals or feed were recorded in 2006. However, in April 2007, for the first time, there was a shipment of oil meals to Greece (about 3-5 tmt). Approximately 7 percent of Israeli feed mix sales are to the Palestinian Authority (PA), mainly for poultry, sheep and goats.

[2] Including sales to Palestinian Authority, estimated at about 7%.
Excluding sales by feeding centers.

Imports

Driven by stabilized demand from the poultry sector, soybean meal imports are forecast to increase modestly in 2006/07. Local companies generally import 48 percent soy meal (dehulled soybeans). Out of the total oil meals imports in 2006, approximately 67 tmt (19 percent) was soy meal, and 265 tmt (77 percent) sunflower meal, and the remainder was canola meal. In 2006, 92 percent (62 tmt) of soy meal was imported from the U.S., and the remainder (5 tmt) imported from Greece. Sunflower meal is imported mainly from Ukraine and canola meals are imported mainly from France and Germany.

While in 2006, U.S. market share for imported oil meals reached 18 percent, due to prevailing market prices, U.S. share of soy meals is expected to decrease in 2007, and the Argentinean and Brazilian market share will increase.

Import Trade Matrix, Meal

Import Trade Matrix Israel Meal, Oil (TMT)			
Time Period: CY			
Imports for:	**2005**		**2006**
U.S.	5	U.S.	62
Others	0	Greece	5
Total for Others	0	Total for Others	0
Others not Listed	263	Others not Listed	278
Grand Total	268	Grand Total	345

Table 8: Tariffs on Oils and Soy Meals, Percent

	Soy oil, Sunflower oil and Canola oil		Other Oils		Soy Meal	
Starting from	**U.S. EU**	**Other Countries**	**U.S. EU**	**Other Countries**	**U.S. EU**	**Other Countries**
8/6/2003	4	7	-	-	4.5	7.5

Vegetable Oils

PSD Table Israel Oil, Soybean										
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007	MM/YYYY
Crush	345	620	500	413	630	560	0	0	570	(1000 MT)
Extr. Rate, 999.9999	0.17971	0.179032	0.18	0.179177	0.179365	0.180357	0	0	0.180702	(PERCENT)
Beginning Stocks	20	5	20	3	2	2	1	0	0	(1000 MT)
Production	62	111	90	74	113	101	0	0	103	(1000 MT)
MY Imports	13	8	11	14	10	10	0	0	11	(1000 MT)
MY Imp. from U.S.	0	1	1	0	1	1	0	0	1	(1000 MT)
MY Imp. from EU	3	2	2	0	2	1	0	0	0	(1000 MT)
Total Supply	95	124	121	91	125	113	1	0	114	(1000 MT)
MY Exports	2	0	1	1	0	2	0	0	1	(1000 MT)
MY Exp. to EU	0	0	1	0	0	2	0	0	1	(1000 MT)
Industrial Dom. Cons.	33	57	50	33	58	48	0	0	49	(1000 MT)
Food Use Dom. Cons.	55	65	68	54	67	63	0	0	63	(1000 MT)
Feed Waste Dom. Cons.	2	0	0	2	0	0	0	0	0	(1000 MT)
Total Dom. Cons.	90	122	118	89	125	111	0	0	112	(1000 MT)
Ending Stocks	3	2	2	1	0	0	0	0	1	(1000 MT)
Total Distribution	95	124	121	91	125	113	0	0	114	(1000 MT)
CY Imports	0	8	9	0	10	8	0	0	0	(1000 MT)
CY Imp. from U.S.	0	1	1	0	1	1	0	0	0	(1000 MT)
CY Exports	2	0	1	1	0	1	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

Production

Soy, canola, olive, rapeseed and sunflower oils are produced in Israel. Some vegetable oils are imported as crude and refined domestically – both by crushers and by large manufactures of margarine, snacks and other foodstuff. Approximately 80 percent of local consumption is from local production and the remainder imported. About 90 percent of total local oil consumption is soy oil. There are 2 main markets for oil: the industrial sector and households. Soy oil is the most demanded oil by the industrial sector. It is estimated that local oil production for industry is approximately 80 tmt. Local oil production for households is estimated at 110 tmt per year, mainly soy oil.

Margarine Market

There are three producers of margarine in Israel: Unilever (the largest), Olivia, and Shemen. The margarine market is valued at $24 million (in consumer prices), of which margarine for spreading is $9 million (38 percent), and the remainder for baking ($15 million). As a result of increased food nutrition awareness, local margarine market value decreased 13 percent in 2006.

Consumption and Household Expenditure on Vegetables Oils

Consumption of vegetable oil has increased significantly in recent years, especially olive oil and rapeseed oil. This trend is expected to continue in the future. The high growth rate is mainly explained by rapid growth of snack and fast food industries on one hand and increased awareness to health considerations. According to the Household Expenditure Survey for 2005, the monthly average expenditure for vegetable oils totaled $5.9, 4 percent higher than in 2003. Of the total vegetable oils expenditure, soy oil accounted for $1.4. This is 46 percent lower compared to 2003. On the other hand, olive oil accounted for $2.3 (39 percent market share), this is 20 percent higher compared to 2003.

Prices

Local annual average retail prices for soy oil in 2006 did not changed significantly compared to the previous year. It is estimated that imported oil prices are higher by an average of 10 percent compared to local oil prices. From July 2006 through March 2007, soy oil price increased by 14 percent

Trade

Imports

Soy oil imports account for less than 10 percent of domestic use, while total oil imports represent approximately 20 percent of local oil consumption. Soy oil is imported mainly from S. America, and canola oil is imported primarily from Europe. Most purchases are based on spot transactions in the international market and not on long-term contracts.

Table 11: Imports of Soybean Oil and its Derivatives, whether or not refined, but Not Chemically Modified, by Origin, CY, $ Thousands and percent

	Value ($ Thousands)		% of Total Imports	
Origin	**2004**	**2005**	**2004**	**2005**
France	502	72	9.7	0.7
Netherlands	1,051	67	20.3	0.7
Portugal	295	214	5.7	2.1
Germany	0	1,171	0.0	11.7
Others	193	14	3.7	0.1
Total Europe	**2,041**	**1,538**	**39.4**	**15.4**
U.S.	1,469	818	28.4	8.2
Argentina	1,674	6,064	32.3	60.7
Brazil	0	1,578	0.0	15.8
Total Out of Europe	**3,140**	**8,460**	**60.6**	**84.6**

Grand Total	**5,181**	**9,998**	**100.0**	**100.0**

Source: CBS, Foreign Trade Statistics, Different Years

Table 12: Imports of Palm Oil and its Derivatives, whether or not refined, but Not Chemically Modified, by Origin, CY, $ Thousands and percent

	Value ($ Thousands)		**% of Total Imports**	
Origin	**2004**	**2005**	**2004**	**2005**
Total Europe	**34**	**83**	**0.3**	**0.7**
Malaysia	1,076	2,007	8.1	15.9
Singapore	9,980	8,057	75.5	63.7
Indonesia	1,786	2,498	13.5	19.8
U.S.	346	2	2.6	0.0
Total Out of Europe	**13,188**	**12,564**	**99.7**	**99.3**
Grand Total	**13,222**	**12,647**	**100.0**	**100.0**

Source: CBS, Foreign Trade Statistics, Different Years.
Note: Israel's trade statistics are based on "country of purchase" which in many cases is different from the "country of origin". Netherlands and Switzerland, which are large trading centers, appear in Israel's statistics as suppliers of all kinds of oil, when actually only brokers are located there.